

# **RECORD VERSION**

## **STATEMENT BY**

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**(INSTALLATIONS AND ENVIRONMENT)**

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## **BEFORE THE**

**SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT**  
**COMMITTEE ON ARMED SERVICES**  
**UNITED STATES SENATE**

**SECOND SESSION, 106<sup>TH</sup> CONGRESS**

**ON THE FISCAL YEAR 2001 BUDGET**  
**MILITARY CONSTRUCTION, ARMY**  
**FAMILY HOUSING, ARMY**  
**HOMEOWNERS ASSISTANCE FUND, DEFENSE**  
**MILITARY CONSTRUCTION, ARMY NATIONAL GUARD**  
**MILITARY CONSTRUCTION, ARMY RESERVE**  
**BASE REALIGNMENT AND CLOSURE (BRAC)**

**10 MARCH 2000**

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for Fiscal Year 2001. This request includes initiatives of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report on them to you.

**PART I**  
**MILITARY CONSTRUCTION, ARMY**  
**FAMILY HOUSING, ARMY**  
**HOMEOWNERS ASSISTANCE FUND, DEFENSE**

I am pleased to present the Active Army's portion of the Military Construction budget request for Fiscal Year 2001. This budget provides construction and family housing resources essential to support your Army's role in our National Military Strategy. It is also the first budget that supports the Army's new Vision and transformation strategy.

The program presented herein requests Fiscal Year 2001 authorization of \$688,988,000 for Military Construction, Army (MCA), and \$1,140,381,000 for Army Family Housing (AFH). The Fiscal Year 2001 request for authorization of appropriations is \$897,938,000 for MCA and \$1,140,381,000 for AFH. The companion request for appropriations in Fiscal Year 2001 includes \$897,938,000 for MCA and \$1,140,381,000 for AFH; also requested is an advance appropriation of \$304,540,000 for MCA. There is no request this year for the Homeowners Assistance Fund, Defense.

For the past 224 years, the Army has had a contract with the American people to fight and win the Nation's wars. We continue to fulfill

this contract in executing the National Security Strategy and the National Military Strategy across the full spectrum of military operations. Since 1989, we have deployed forces for contingency operations, on average, once every 14 weeks. The Army has successfully answered the Nation's call 35 times in the last 10 years.

To prepare for an uncertain future, the Army announced a new Vision to forge a more strategically responsive, yet dominant, force for the 21st Century. The new force will be more mobile and sustainable, and still have the capability to respond to the full spectrum of operations. It also continues a rigorous training program, full integration of the Active and Reserve Components, comprehensive initiatives to protect the force, and provides sufficient installations from which to project our forces. Implementation of our Vision is currently underway. Although we do not know the precise effects on Army installations and facilities, we are working closely with the Transformation Task Force to ensure installation needs are identified and addressed.

The Army must sustain a force of high quality, well-trained people; acquire and maintain the right mix of weapons and equipment; and maintain effective infrastructure and power projection platforms to generate the capabilities necessary for meeting the warfighting requirements and engagement priorities of the commanders-in-chief (CINCs) of the combatant commands.

The new Vision charts the course for the Army to transform itself into a force that has these desired characteristics and can sustain dominance at any point on the spectrum of operations. Throughout all phases of the transformation, the Army will pursue changing our concepts

and doctrine as well as the institutional base. Our budget request fully supports the missions of the transformed Army. We are working in tandem with the transformation efforts to ensure our installations and facilities meet the needs of our warfighting soldiers. Keeping the changes in our installations and facilities synchronized with the transformation of the force will ensure the Army retains the capability to meet its national security mission throughout the transformation process.

Now, I would like to discuss the Army's installations and facilities strategy for Fiscal Year 2001 and beyond and how it supports our new Vision. As the Army transforms, we must also take similar giant strides to ensure that Army installations are not left behind. As we look ahead, we intend to help the Army achieve its new vision by implementing a complementary vision for our installations: By the year 2020, Army posts will more fully support and satisfy our warfighting needs, while providing soldiers and their families with a quality of life that equals that of their peers in civilian communities. The Army will soon publish a white paper, *Managing Army Posts: Tenets for the Twenty-First Century*, which will provide the framework and principles for achieving this new vision for Army installations.

We estimate that the bill to upgrade, replace and build facilities to currently acceptable levels is simply impossible to reach without the ability to unlock the value in our installation assets and operations. Our current facilities strategy has us on the right path but, by itself, will not take us to our new vision.

## **FACILITIES STRATEGY**

The Army's current strategy is threefold. First, we must focus our investments to gain the most benefit from limited resources. We must identify required facilities, infrastructure and support services necessary for the desired level of readiness. We must make a dedicated effort to stop further deterioration of existing required facilities and continue to focus our limited modernization dollars on mission critical and well being projects. Currently our focus is on barracks modernization and strategic mobility projects. As the Army transforms, the facilities strategy will adapt to support transforming Army requirements while continuing to support legacy Army requirements. Second, we must divest all unneeded real estate. Third, we must reduce the total cost required to support our facilities and related services, including maintenance of our real estate inventory.

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report, to help formulate and monitor our facilities strategy. We use it to assess the status of our facilities' condition. This identifies critical areas to consider in resource allocation. Also, it assists us in assessing the condition of our facilities essential to the installation's mission and the well being of our personnel.

We continue to eliminate excess facilities. Our current facilities reduction program and base realignment and closure process will result in disposal of over 200 million square feet in the United States by 2003. This year we continue our policy of demolishing one square foot for every square foot constructed. We are also making progress reducing our leasing costs. Between Fiscal Years 1998 – 2001, we project an annual savings in leasing costs of \$26,600,000. By 2003, with our overseas

reductions included, the Army will have disposed of over 400 million square feet from its Fiscal Year 1990 peak of 1,157,700,000 square feet. Although these savings are substantial, we need to achieve even more. Therefore, the Army supports additional rounds of BRAC in Fiscal Years 2003 and 2005.

We are pursuing innovative ways to modernize our infrastructure and reduce the cost of our facilities, including privatization or outsourcing of certain functions. One example is installation utilities systems. Our goal is to privatize all utility systems in CONUS by 2003, where it is economically feasible, except those needed for unique security reasons. Another initiative, the Value Improvement Program, is being launched this year to improve the value the Army receives from its facilities construction and operations dollars. We have also established a pilot program to test privatization authorities for military family housing in an effort to provide better housing for soldiers and their families. We continue to seek partnering opportunities with civilian communities around our installations to provide some facilities as a viable alternative to Army ownership facilities.

Executive Order 13123, "Greening The Government Through Efficient Energy Management," sets higher goals for reducing energy consumption. We are depending on the use of Energy Savings Performance Contracts (ESPC), and other forms of alternative financing, to implement this executive order, to help reduce energy consumption, reduce pollutants, and improve the well being of our personnel at our installations. We awarded the largest ever ESPC contract within the Federal government for implementing a minimum of \$67 million in energy saving projects for five installations in the Military District of Washington.

We are aggressively pursuing all opportunities to purchase electrical power generated from renewable sources such as wind, solar and geothermal. We have also installed hundreds of solar lighting systems that use no energy in our facilities and are expanding this further.

Next, I will discuss the highlights of the budget.

## **CONTINGENCIES**

Funding for contingencies was eliminated for all military construction and family housing projects, based on the concern that contingency funding was being used to support upgrades to projects. Although the Army's past construction program execution experience has indicated that contingency funding is required for mandatory construction changes after contract award, the Army will execute the program by implementing more stringent program management controls. The real impact will not be known until the year of execution.

## **MILITARY CONSTRUCTION, ARMY (MCA)**

We are focusing on four major categories of projects: mission facilities; well being; support programs; and chemical demilitarization. I will explain each area in turn.

## **MISSION FACILITIES**

In Fiscal Year 2001, there are six mission facility projects for the Army's Strategic Mobility Program. These improvements facilitate movement of personnel and equipment from CONUS bases for both the Active and Reserve components to meet Army and Defense timelines for mobilization operations.

**ARMY STRATEGIC MOBILITY PROGRAM:** Our budget request continues the program to upgrade our strategic mobility infrastructure enabling the Army to maintain the best possible power projection platforms. We are requesting authorization, authorization of appropriations and appropriations of \$67,300,000. The Fiscal Year 2001 projects will complete 79 percent of the Strategic Mobility program that is scheduled for completion in Fiscal Year 2003.

Our Fiscal Year 2001 request includes six projects. We are improving our rail deployment capability by improving the railyard infrastructure at Fort Bliss and a railroad equipment maintenance facility at Sunny Point Military Ocean Terminal. Our request for Phase 3 of the railhead at Fort Hood will complete this project begun in Fiscal Year 1999. We are continuing to improve our air deployment by constructing an ammunition holding area adjacent to the airfield at Fort Bragg and a fixed wing aircraft parking apron at Fort Benning. To improve our ammunition outloading and shipping capability, we have included a project for an ammunition container complex at Red River Army Depot.

## **WELL BEING PROJECTS**



The well being of our soldiers, their families and civilians has a significant impact on readiness. Therefore, almost half, 47 percent, of our budget is dedicated to providing these types of facilities. Our priority is to get soldiers out of gang latrine type barracks and to provide new or upgraded barracks to house 136,000 single soldiers. Additionally, we are requesting other facilities that will improve not only the well being of our soldiers but also the readiness of the Army. We are requesting an authorization of \$427,700,000, with authorization of appropriations and appropriations of \$426,500,000 for well being projects this year.

**WHOLE BARRACKS RENEWAL INITIATIVE:** Modernization of barracks for permanent party soldiers continues to be the Army's number one facilities priority for military construction. It provides single soldiers with a quality living environment that more nearly approximates conditions off the installation, or enjoyed by our married soldiers. New or renovated barracks include increased personal privacy and larger rooms, closets, upgraded day rooms, new furnishings, adequate parking, and landscaping, in addition to administrative offices, which are separated from the barracks.

In Fiscal Year 2001, we are planning 17 projects. This includes 5 projects in Europe and 2 projects in Korea. Our budget completes the Fort Campbell barracks complex that was authorized in Fiscal Year 1999 and the Fort Stewart barracks complex that was authorized in Fiscal Year 1998. We are also completing the Fort Benning and Fort Riley barracks that were authorized and incrementally funded in Fiscal Year 2000. Our budget includes the second increments of barracks complexes at Fort Bragg and Schofield Barracks that were authorized in Fiscal Year 2000. Fort Bragg's large soldier population and poor barracks conditions require

sustained high investment to provide quality housing and meet the Fiscal Year 2008 buyout. Thus, we are requesting full authorization and Phase 1 funding to start two additional barracks complexes at Fort Bragg. With full authorization of these projects, we plan to award each complex, subject to subsequent appropriations, as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

With the approval of the Fiscal Year 2001 program, as requested, barracks at the new standard will be funded for 70 percent of our permanent party soldiers. Our plan is to invest between Fiscal Years 2002 and 2008 an additional \$4.4 billion in MCA and host nation funds, supplemented by \$0.6 billion in Real Property Maintenance (RPM) to fix barracks worldwide to meet our goal of providing improved living conditions to our single soldiers. Between Fiscal Year 1994 and Fiscal Year 2000, we invested \$3.5 billion from all sources to improve the well being of our single soldiers. While we are making considerable progress on installations in the United States, we will need to significantly increase funding for Germany and Korea in future programs. Because a higher proportion of soldiers assigned overseas require barracks space than those stationed in the United States, 42 percent of our total barracks requirement is to house soldiers assigned to Europe and Korea. For the past several years the overseas regions have been funded at lower levels than United States installations; therefore, approximately half of the remaining modernization effort is required in these areas.

This substantial effort with significant funding in later years keeps our barracks program on track to build new or renovate all barracks to the 1+1 or equivalent construction standard worldwide by 2008. Barracks

conditions in Korea are considered the worst in the Army because we are forced to assign soldiers to Quonsets, H-relocatables or force them to live off-post. Thus, Korea is currently using a modified 2+2 standard which incorporates the same amenities but expedites getting soldiers into quality facilities.

**OTHER WELL BEING PROJECTS:** To improve the barracks for our new Army recruits, we are requesting full authorization of \$61,200,000 and authorization of appropriations and appropriations of \$38,600,000 for the first phase of a basic trainee complex at Fort Leonard Wood. In addition, we are requesting a project to improve the housing for unaccompanied personnel at Kwajalein Atoll.

Our budget also includes construction of a new child development center in Kaiserslautern to replace the failing facility supporting the Landstuhl Hospital. We are requesting authorization, authorization of appropriations, and appropriations of \$3,400,000 for this project.

## **SUPPORT PROGRAMS**

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. In our budget, we have requested 12 projects with authorization request of \$81,180,000, and authorization of appropriations and appropriations request of \$119,032,000.

Our budget completes the Digital Multi-purpose Training Range at Fort Knox that will improve training of both our active forces as well as the reserve components. This project was authorized by Congress in Fiscal

Year 1999. We are continuing our range modernization program by requesting full authorization of \$26,000,000 for the Digital Multi-purpose Training Range at Fort Hood with an authorization of appropriations and appropriations for Phase 1 of \$16,000,000.

Phase 2a of the United States Military Academy Cadet Physical Development Center, begun in Fiscal Year 1999, is also included. We are requesting authorization of appropriations and appropriations of \$13,600,000 for this phase. The entire project was authorized in Fiscal Year 1999.

The budget includes three projects to meet the Army's goal to get out of leased space. The construction of two military entrance processing stations at the Defense Supply Center, Columbus, Ohio, and at the Defense Distribution Center, Pennsylvania, and of the Space and Missile Defense Command Building at Redstone Arsenal will permit us to vacate costly leased facilities.

With Phase 2 of the Consolidated Soldier Support Center at Fort Drum, we are completing a project that was authorized and begun in Fiscal Year 2000. The Chemical Defense Qualification Facility at Pine Bluff Arsenal was also authorized in Fiscal Year 2000 and we are requesting funding for construction in this budget.

Additional projects in the budget include a Central Vehicle Wash Facility at Fort Richardson, a Field Operations Facility at Fort Huachuca, an Academic Research Facility at Carlisle Barracks, and a classified project.

## **AMMUNITION DEMILITARIZATION**

The Ammunition Demilitarization (Chemical Weapons Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stock-piled) materiel. It also provides for emergency response capabilities, while avoiding future risks and costs associated with the continued storage of chemical warfare materiel.

The Office of the Secretary of Defense devolved the Chemical Demilitarization program to the Department of the Army in Fiscal Year 1999. Although Congress authorized and appropriated funding for the Fiscal Year 2000 Chemical Demilitarization construction program to the Department of Defense, the overall responsibility for the program remains with the Army and we have included it in this year's Army budget.

We are requesting authorization, authorization of appropriations and appropriations of \$3,100,000 to construct a Munitions Assessment/Processing System Facility to provide a safe, controlled environment for the treatment and disposal of unexploded ordnance. An appropriations and authorization of appropriations request for \$172,300,000 is included in the Army's Fiscal Year 2001 budget to continue the Chemical Demilitarization projects previously authorized. An advance appropriation of \$304,540,000 is requested to complete these projects. Table 1 summarizes our request:

**Table 1**  
**Fiscal Year 2001**

<u>Installation</u>	<u>Type</u>	<u>Amount</u>
Aberdeen Proving Ground, MD	Ammun Demil Facility	\$45,700,000
Aberdeen Proving Ground, MD	Munitions Assess System Fac	\$ 3,100,000
Blue Grass Army Depot, KY	Ammun Demil Facility	\$ 8,500,000
Newport Army Depot, IN	Ammun Demil Facility	\$54,400,000
Pine Bluff Army Depot, AR	Ammun Demil Facility	\$43,600,000
Pueblo Army Depot, CO	Ammun Demil Facility	\$10,700,000
Umatilla Army Depot, OR	Ammun Demil Facility	<u>\$ 9,400,000</u>
<b>TOTAL</b>		<b>\$175,400,000</b>

The destruction of the U.S. stockpile of chemical weapons by the 2007 deadline in the Chemical Weapons Convention is a major priority of the Army, DoD and the Administration. The MILCON funding for the chemical weapons destruction facilities is essential to achieving that goal.

## **PLANNING AND DESIGN**

The Fiscal Year 2001 MCA budget includes \$72,106,000 for planning and design. This request is based on the size of the two succeeding fiscal years' military construction programs. The size of the Fiscal Year 2001 request is, therefore, a function of the construction programs for two fiscal years. The requested amount will be used to complete design on Fiscal Year 2002 projects and initiate design of Fiscal Year 2003 projects.

**Host Nation Support (HNS) Planning and Design (P&D):** The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The United States Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an

increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of United States funding gains \$60 worth of Host Nation Construction. The Fiscal Year 2001 budget request for \$22,600,000 will provide oversight for approximately \$1 billion of construction in Japan, \$50 million in Korea and \$50 million in Europe. The budget includes \$3,100,000, which is dedicated to the oversight of facilities associated with the Government of Japan funded initiative to consolidate and relocate United States Forces on Okinawa.

Let me show you the analysis of our Fiscal Year 2001 MCA request.

## **BUDGET REQUEST ANALYSIS**

**SUMMARY:** The Fiscal Year 2001 MCA budget includes a request for authorization of appropriations of \$897,938,000 and companion appropriations request of \$897,938,000.

**Authorization Request:** The request for authorization is \$688,988,000. The authorization request is adjusted for those projects previously authorized in Fiscal Years 1998, 1999 and 2000. These projects include Phase 2 of the West Point Cadet Physical Development Center, Phase 3 of the Fort Knox Digital Multi-purpose Training Range, and the remainder of the Whole Barracks Renewal Complex at Fort Campbell, Fort Benning, Fort Riley, Fort Stewart, and the second increment at Fort Bragg and Schofield Barracks. Additionally, it is modified to provide full authorization of \$296,800,000 for the Fort Leonard Wood Basic Training

Complex, two new barracks complexes at Fort Bragg, and the Multi-purpose Digital Training Range at Fort Hood. Only \$126,200,000 in appropriations is required for the first phases of these projects.

The Fiscal Year 2001 request for authorization and authorization of appropriations for Fiscal Year 2001, by investment focus, is shown in Table 2:

**Table 2**  
**INVESTMENT FOCUS**  
**Authorization of Appropriations**  
**Fiscal Year 2001**

<u>CATEGORY</u> APPROP'N	AUTHORIZATION (\$000)	AUTHORIZATION OF APPROPRIATIONS (\$000)	PERCENT
Well Being / Barracks	427,700	426,500	47.5%
Mission / Strategic Mobility	67,300	67,300	7.5%
Support	81,182	119,032	13.3%
Planning & Design / Minor Construction	109,706	109,706	12.2%
<b>Subtotal Army MILCON</b>	<b>685,888</b>	<b>722,538</b>	<b>80.5%</b>
Chemical Demilitarization 19.5%	3,100	175,400	
<b>TOTAL PROGRAM</b>	<b>688,988</b>	<b>\$897,938</b>	<b>100.0%</b>



Table 3 shows the Fiscal Year 2001 distribution of the authorization of appropriations request among the Army's major commands:

**Table 3**  
**COMMAND SUMMARY**  
**Military Construction Army**  
**Fiscal Year 2001**

<b><u>COMMAND</u></b>	<b><u>AUTHORIZATION OF APPROPRIATIONS (\$000)</u></b>	<b><u>PERCENT OF TOTAL</u></b>
<b>INSIDE THE UNITED STATES</b>		
Forces Command	306,100	34.1%
Training & Doctrine Command	57,550	6.4%
Army Materiel Command	191,700	21.3%
Military Entrance Processing Command	5,532	0.6%
Military Traffic Management Command	2,300	0.3%
United States Military Academy	13,600	1.5%
Intelligence and Security Command	1,250	0.1%
Space & Missile Defense Command	23,400	2.6%
United States Army, Pacific	93,200	10.4%
Classified Project	11,500	1.3%
<b>SUB-TOTAL</b>	<b>\$706,132</b>	<b>78.6%</b>
<b>OUTSIDE THE UNITED STATES</b>		
Space & Missile Defense Command	18,000	2.0%
Eighth, United States Army	33,700	3.8%
United States Army, Europe	30,400	3.4%
<b>SUB-TOTAL</b>	<b>82,100</b>	<b>9.2%</b>
<b>TOTAL MAJOR CONSTRUCTION</b>	<b>\$788,232</b>	<b>87.8%</b>
<b>WORLDWIDE</b>		
Planning and Design	94,706	10.5%
Minor Construction	15,000	1.7%
<b>SUB-TOTAL</b>	<b>\$109,706</b>	<b>12.2%</b>
<b>TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED</b>	<b>\$897,938</b>	<b>100.0%</b>

Now, I will explain our Army Family Housing request.

## **ARMY FAMILY HOUSING**

No single program is more important than adequate housing for soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Adequate housing continues to be the number one soldier concern when we ask them about their well being. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges. The Secretary of Defense has announced an initiative to eliminate service members' out-of-pocket costs for off-base housing in the United States. This action will reduce service members' costs for housing from approximately 19 percent in 2000 to 15 percent in 2001, with continued reductions each year thereafter, eliminating those out-of-pocket costs entirely by 2005.

DoD has set a goal to eliminate inadequate family housing by 2010. Currently, 78 percent of our housing is inadequate --needing either replacement, major renovation or repair. The Army's unfunded bill to meet the DoD goal is \$4.9 billion.

The Army plans to utilize privatization authorities granted in the 1996 MHPI to help meet the DoD goal. Fort Carson, Colorado, is the Army's first privatization project. The contract was awarded in September 1999, and the developer assumed operational control of the existing housing in November 1999. Under this contract, the developer will renovate all existing base housing and construct 840 additional units

within a five year period. Soldiers' rent will be capped at their Basic Allowance for Housing (BAH).

Three pilot projects are being developed under the Residential Communities Initiative (RCI) and solicited using a Request for Qualifications (RFQ) process. The pilot sites are Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland. The RFQ process is a concept well proven in industry and government. It allows the Government to select a private housing and community developer based on each firm's qualifications and experience; to jointly develop a Community Development and Management Plan; and to negotiate an agreement with the developer to implement that plan. This process is faster, less costly for developers to compete, and provides more flexibility to develop projects that better meet the needs of all concerned parties. Throughout the RFQ process, the emphasis is on partnering with the private entity to develop residential communities in consultation with all "stakeholders" including the Congress.

Fort Hood is the first RCI project being solicited under the RFQ process and an award is expected early this year. The Fort Lewis RFQ was issued in December 1999, and we expect to issue the Fort Meade RFQ in April 2000.

In summary, to meet DoD's goal in the 50 states, the Army plans to use a combination of traditional MILCON, BAH increases, and privatization initiatives. To this end, the Army supports extending the MHPI legislation beyond the February 2001 expiration. In Europe and Korea, we intend to reach the goal by funding AFH programs and

revitalizing inadequate housing through traditional means and by returning unneeded units to host nations.

Our Fiscal Year 2001 request for authorization, authorization of appropriations and appropriations request is \$1,140,381,000. Table 4 summarizes each of the categories of the Army Family Housing program.

**Table 4**

**ARMY FAMILY HOUSING  
Fiscal Year 2001**

<b><u>APPROPRIATIONS FACILITY CATEGORY PERCENT</u></b>	<b><u>OF AUTHORIZATION</u></b>		<b>AUTHORIZATION</b>
	<b><u>(\$000)</u></b>	<b><u>PERCENT</u></b>	<b><u>(\$000)</u></b>
New Construction 8%	91,974	8%	91,974
Post Acquisition Const 6%	63,590	6%	63,590
Planning and Design <1%	6,542	<1%	6,542
Operations 16%	180,370	16%	180,370
Utilities 17%	198,101	17%	198,101
Maintenance 35%	397,792	35%	397,792
Leasing 18%	202,011	18%	202,011
Debt <1%	1	<1%	1
<b>TOTAL</b>	<b>1,140,381</b>		<b>1,140,381</b>

**FAMILY HOUSING CONSTRUCTION**

The Fiscal Year 2001 request continues the Whole Neighborhood Revitalization (WNR) initiative approved by Congress in Fiscal Year 1992

and supported consistently since that time. This successful approach addresses the entire living environment of the military family. The projects are based on life-cycle economic analyses and will provide units that meet adequacy standards.

**NEW CONSTRUCTION:** The Fiscal Year 2001 new construction program provides WNR projects that replace 462 units at five locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. Since existing housing will be demolished, there is no increase to our inventory. New construction projects are requested at 2 locations: Fort Jackson (1 unit), where an additional GFOQ is required to support mission requirements; and at Camp Humphreys, Korea, (60 units), where adequate off post family housing is not available and no on post family housing exists. These units serve command sponsored personnel living in substandard, off post quarters and those personnel who are unaccompanied due to a lack of adequate family housing on or off post. All of these projects are supported by housing surveys which show that adequate and affordable units are not available in the local community.

**POST ACQUISITION CONSTRUCTION:** The Post Acquisition Construction Program is an integral part of our housing revitalization program. In Fiscal Year 2001, we are requesting funds for improvements to 770 units at 4 locations in the United States, 4 locations in Europe, and 1 GFOQ in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

## **OPERATIONS AND MAINTENANCE**

The operations, utilities, maintenance and leasing programs comprise the majority of the Fiscal Year 2001 request. The requested amount of \$978,275,000 for Fiscal Year 2001 is approximately 86 percent of the total family housing budget. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, and utilities. The family housing utilities' request reflects our success in reducing energy consumption.

## **LEASING**

The leasing program provides another way of adequately housing our military families. We are requesting \$202,011,000 in Fiscal Year 2001 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and approximately 10,000 units overseas. As part of its role as executive agent for SOUTHCOM, the Army submitted a legislative proposal to raise the congressional cap for 8 leased family housing units in Miami from \$280,000 to \$400,000, due to rising costs.

## **REAL PROPERTY MAINTENANCE**

In addition to MCA and AFH, the third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of

America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

RPM consists of two major functional areas: (1) Maintenance and Repair of Real Property and (2) Minor Construction. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under \$500,000 for the erection, installation or assembly of a new facility, and for the addition, expansion or alteration of an existing facility. It also funds projects under \$1 million which are intended solely to correct a life, health or safety deficiency. The Operation and Maintenance, Army (OMA) RPM funding is \$1,429,000,000 in Fiscal Year 2001.

Within the RPM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. At the completion of the Fiscal Year 2001 program, as requested, we will have funded adequate housing to meet or approximate the DoD 1+1 barracks standard for 70 percent of our soldiers. The Fiscal Year 2002-2008 Military Construction program will provide barracks for another 21 percent of eligible soldiers. We will use RPM resources to renovate barracks to an approximate DoD 1+1 standard for the remaining 9 percent of barracks residents. In Fiscal Year 2000, Congress provided Army an additional \$77 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the well being of our soldiers. We allocated these funds to bring more of our gang latrine barracks and VOLAR era barracks in the United States to an approximate 1+1 standard. The Army is committing an average of about \$150 million per year in RPM to continue the efforts to upgrade our single soldier's

well being. The Barracks Upgrade Program, when combined with the Military Construction, Army Whole Barracks Renewal program, has reduced significantly the time required to improve the living conditions of our single soldiers. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2008.

The second area to highlight within the RPM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. Privatization or outsourcing of utilities is the first part of our strategy. All Army-owned electrical, natural gas, water, and wastewater systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. We have successfully privatized several utility systems on Army installations. The electrical distribution system on Fort Benning, Georgia, was privatized and transferred to a traditional electrical utility provider. The water and wastewater systems at Aberdeen Proving Ground were privatized and transferred to a municipal utility provider. Of the 320 Army systems available for privatization, 11 have been awarded, 34 have been exempt, and the remaining are in the study or procurement phase. The second part of the strategy is the utilities modernization program. We are upgrading utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have executed approximately \$105,000,000 in utility modernization projects in Fiscal Years 1998 and 1999 and in future years we plan to accomplish \$180,000,000 in additional projects. Together, privatizing and modernizing utility systems will provide reliable and safe systems.



While we are making progress in upgrading barracks and improving utility services, the basic maintenance and repair of Army facilities is funded at only 69 percent of the OMA requirement in Fiscal Year 2001. At the current funding levels, Army commanders will only be able to fix what breaks. The Installation Status Report shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of Fiscal Year 1999, 25 percent of the Army's facilities were "red" – unsatisfactory; 46 percent were "amber" – marginal; and only 29 percent were "green" -good.

### **HOMEOWNERS ASSISTANCE FUND, DEFENSE**

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For Fiscal Year 2001, there is no request for authorization of appropriations and appropriations.

Requirements for the program will be funded from prior year carryover, revenue from sale of homes, and anticipated authority to transfer monies from the Base Realignment and Closure Account. Assistance will be provided to personnel at approximately 11 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

### **SUMMARY**

Mr. Chairman, our Fiscal Year 2001 budget is a balanced program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and privatization of approximately 13,000 units through Fiscal Year 2000. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the well being of our personnel. Our long-term strategy can only be accomplished through balanced funding, divestiture of excess capacity and improvements in management. We will continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The Fiscal Year 2001 request is for authorization of \$1,829,369,000 and authorization of appropriations of \$2,038,319,000 for Military Construction, Army and Army Family Housing. Also requested is an advance appropriation of \$304,540,000. Further, the program continues to test the housing privatization program in the United States, while continuing a family housing construction program for our worst locations in the United States, as well as in Europe and Korea. Thank you for your continued support for Army facilities funding.

## **PART II**

### **MILITARY CONSTRUCTION, ARMY NATIONAL GUARD**

Next, I will present the Army National Guard's Military Construction Program for Fiscal Year 2001.

The program presented requests Fiscal Year 2001 authorization, authorization of appropriations, and appropriations of \$59,130,000 for military construction, Army National Guard.

The Army National Guard is America's community based, dual-use reserve force. They have missions across the spectrum of contingencies, and are structured and resourced to accomplish State and Federal missions when called. Army National Guardsmen are trained citizen-soldiers, committed to preserving the timeless traditions and values of service to our Nation and communities, and, by statute, an integral part of the first line defense of the United States. The National Guard is balanced and ready. It is manned with over 357,000 quality soldiers in over 2,500 communities nationwide.

Great reliance has been placed on this community based component of America's Army. The Army National Guard has been fully engaged in joint operational support, host nation support, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. During the course of the year, 1,900 Army National Guard (ARNG) soldiers supported efforts under the auspices of Operation JOINT FORGE (Bosnia), Operation JOINT GUARDIAN (Kosovo) and Operation SOUTHERN WATCH (Kuwait/Saudi Arabia).

The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. Local governments in 44 States requested emergency support through their State Governments a total of 267 times in Fiscal Year 1999. The Army National Guard provided over 281,000 soldier man-days in response to these requirements to meet the critical support needs in local communities.

## **FACILITIES STRATEGY**

The goal of the Army National Guard is to provide state-of-the-art, environmentally sound, community based power projection platforms that integrate all functions required to sustain and enhance unit readiness and community support. Our objective is to maximize the number of units that are manned, trained, equipped, resourced and ready for Federal as well as State and/or domestic missions.

In order to improve on the Federal side, the Active Component (AC) and Army National Guard (ARNG) are in the process of forming two AC/ARNG Integrated Divisions, Division Teaming developments and the AC/ARNG command exchange initiative. In addition, the ARNG is participating in an Army Division Redesign Study (ADRS) to better provide needed forces to the commanders-in-chief (CINCs). ADRS will convert ARNG combat force structure to combat support/combat service support forces that are needed by the Army to implement the National Military Strategy. With this change of mission, the ARNG will have to alter many of our facilities to be able to meet the needs of our new charge.

As an Army partner, one of the Army National Guard's strategies is to follow a rigorous and disciplined process to establish priorities for military construction requirements using Army standards. One such tool is the real property development plan (RPDP). RPDP is being adopted by an additional 12 States in Fiscal Year 2000 bringing the total to 42. This planning tool is providing the States with a decision making guide for long-range acquisition, utilization, and development of real property. By 2001, all 54 States and Territories will have started their Development Plans.

The Army National Guard needs to ensure that it continues to provide the forces needed to meet the needs of the community, the Army, and the Nation. One way to support this necessity is to possess quality facilities. To reach this objective, we are designing, operating and maintaining our facilities using private sector business practices, 21<sup>st</sup> Century technologies, and commercial off-the-shelf facilities software.

### **MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)**

Within our military construction request, we focus on five investment areas: training site modernization, readiness centers, Army National Guard Division Redesign Study (ADRS) projects, minor construction, and planning and design. These projects are mission focused and are centered on the well being of our soldiers.

## **MISSION FACILITIES**

In Fiscal Year 2001, there are 28 mission facility projects. The amount of \$52,630,000 will be used to construct these facilities. Essential mission facilities include several initiatives such as maintenance support shops, readiness centers and a training site complex.

**TRAINING SITE MODERNIZATION:** Fiscal Year 2001 continues the process of adapting existing State operated training sites to training strategies for the 21<sup>st</sup> Century. We have included a Regional Training Institute at Fort Bragg, North Carolina, to our training site modernization program. This complex will replace several World War II barracks that are now used. The Training Institute will include a Soldier Development Center, a Long Distance Learning Center, and a Synthetic Theater of War Range Training Facility, and will serve as the headquarters of the Combat Arms Brigade of the Total Army School System (TASS) Region C.

**READINESS CENTERS:** We have included in our Fiscal Year 2001 budget request five readiness centers: Mankato, Minnesota; Hancock Field, New York; Baker City, Oregon; and Bremerton and Yakima, Washington. Mankato, Hancock Field, Baker City and Bremerton readiness centers will replace facilities built from 1913 to 1954. The 287 person facility at Yakima will replace a 180 person tank armed forces reserve center.

**MAINTENANCE SUPPORT SHOPS:** As a part of the ADRS initiative, we have included 22 organization maintenance shops for addition/alteration. Sites in California, Indiana, Kansas, Michigan, Montana, and Nebraska have been selected to begin the conversion process. These projects are

essential for the units to successfully maintain the additional heavy equipment they will receive during ADRS phase I.

## BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for authorization, authorization of appropriations, and appropriations of \$59,130,000 for Fiscal Year 2001.

The Fiscal Year 2001 request, by investment focus, is shown in Table 5:

**TABLE 5**  
**INVESTMENT FOCUS**  
**Authorization of Appropriations**  
**Fiscal Year 2001**

<b>PERCENT</b>	<b>AUTHORIZATION</b>	<b>AUTHORIZATION OF</b>	
<b><u>CATEGORY</u></b>	<b><u>(\$000)</u></b>	<b><u>APPROPRIATIONS</u></b>	
<b><u>APPROP'N</u></b>		<b><u>(\$000)</u></b>	
Maintenance Support Shops	\$22,972	22,972	38.9%
Readiness Centers	20,922	20,922	35.4%
Training Site Facilities	8,709	8,709	
14.7%			
Minor Construction	2,295	2,295	
3.9%			
Planning and Design	4,232	4,232	7.1%
<b>TOTAL PROGRAM</b>	<b>\$59,130</b>	<b>\$59,130</b>	
100.0%			

Table 6 shows the Fiscal Year 2001 distribution of the request among the 54 States and Territories:

**TABLE 6**  
**Military Construction Army National Guard**  
**Fiscal Year 2001**

<u>PERCENT</u> <u>OF TOTAL</u>	<u>LOCATION</u>	<u>PROJECT TITLE</u>	<u>AUTHORIZATION OF</u> <u>APPROPRIATIONS</u> <u>(\$000)</u>	
	Mankato, MN	Readiness Center	\$4,681	7.9%
	Fort Bragg, NC	Educational Training Facility	\$8,709	14.7%
	Hancock Field, NY	Readiness Center	\$5,376	9.1%
	Baker City, OR	Readiness Center	\$3,122	5.3%
	Bremerton, WA	Readiness Center	\$2,639	4.5%
	Yakima, WA	Readiness Center	\$5,104	8.6%
	CA, IN, KS, MI, MT, NE	ADRS-Organizational		
		Maintenance Shops add/alt	\$22,972	38.8%
	Various	Planning and Design	\$ 4,232	7.2%
	Various	Minor Construction	\$ 2,295	3.9%
<b>TOTAL AUTHORIZATION OF APPROPRIATIONS</b>				
	<b>REQUESTED</b>		<b>\$59,130</b>	<b>100.0%</b>

### REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier well being.



The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities is over \$19 billion. Their average age is over 35 years. States take care of these facilities, using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States and Territories perform these functions. The National Guard Bureau transfers to the States money that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For almost half of these facilities, the States and Territories must contribute at least 25 percent of operations and repair costs.

The States and Territories then pay the utility bills, hire those reimbursed employees necessary to operate and maintain these facilities, buy the supplies necessary for operations and maintenance, and contract for renovation and construction projects. They also lease facilities when required. The Construction and Facilities Management Offices are making a herculean effort to operate and maintain all National Guard facilities.

## **SUMMARY**

The Fiscal Year 2001 request is for authorization, authorization of appropriations and appropriations of \$59,130,000.

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. As we look forward to another successful year in Army National Guard Military Construction, we thank you for your continued support of our program.

### **PART III**

#### **MILITARY CONSTRUCTION, ARMY RESERVE**

It is now my privilege to present the Army Reserve's military construction budget request for Fiscal Year 2001. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus on Resources to Readiness.

The program presented requests \$81,713,000 for authorization, authorization of appropriations and appropriations for Fiscal Year 2001.

The Army Reserve, which is on duty in 65 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the Army Reserve units and personnel who comprise 68 percent of the Army Reserve Component Forces serving in Operation Joint Forge. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime, including an expanding role in commanding and controlling Army installations and providing regional base operations support. Those missions include the provision of trained and ready combat support/combat service support units to rapidly mobilize and deploy; providing trained and ready individual soldiers to augment the Army; and projecting the Army any time to any place to achieve victory.

Army Reserve units and soldiers will continue to respond to national security needs and domestic missions that face our nation. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

## **FACILITIES STRATEGY**

The organization, roles, and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It provides a military linkage in 1,315 communities throughout America, its territories, and overseas locations. Those facilities have an average age of about 37 years. The six Army Reserve operated installations have an average age of facilities of about 48 years. The Army Reserve military construction strategy relies on its demonstrated capability to convert the precious resources authorized and appropriated by Congress into quality facilities that support the readiness of soldiers and units. Since 1981, the Army Reserve has executed more than 300 military construction projects that represent a \$1.3 billion investment by the Nation.

To effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources focused on readiness. The essence of our program is straightforward: provide essential facilities to improve readiness and well being for our personnel; preserve and enhance the Army's image across America; and conserve and protect the facilities resources for which we are responsible. Our priorities are: 1) provide critical mission needs of Force Support Package units; 2) address the worst cases of facilities deterioration and overcrowding; 3) pursue

modernization of the total facilities inventory; and 4) carefully manage Reserve operated installations. Our strategy for managing the Army Reserve infrastructure in a resource constrained environment rests on four fundamentals: eliminate leases when economical; dispose of excess facilities; consolidate units into the best available facilities; and use the new Modular Design System to achieve long term savings in construction and design costs.

Significant benefits have been realized from Base Realignment and Closure (BRAC). The Army Reserve acquired facilities from all Services that offset military construction requirements. The facilities acquired through BRAC provided a military construction cost avoidance of \$123,300,000. Other facilities acquired through the BRAC process permitted the Army Reserve to relocate units from leased property to quality, Government owned centers. That effort allowed the Army Reserve to reduce its lease costs by \$6,070,000.

## **PROGRAM HIGHLIGHTS**

**READINESS:** Army Reserve construction program requirements are quite different from those of the Active Army. Army Reserve forces are community based, not installation based, requiring that forces and facilities be dispersed in hundreds of cities and towns across the Nation. This dispersion of forces and facilities reduces the opportunities for regional consolidation and wholesale reductions in facilities inventory. Facilities must be located in the communities where soldiers live and where their units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve

facilities serve as locally based extensions of the Army's power projection platforms by providing essential and cost effective places to conduct training, maintenance, storage of contingency equipment and supplies, and preparation for mobilization and deployment that simply cannot be accomplished elsewhere. The Reserve operated installations support mission essential training for thousands of soldiers each year.

**WELL BEING:** Quality, well maintained facilities provide Army Reserve units with the means to conduct necessary individual and collective training; to perform operator and unit maintenance on vehicles and equipment; and to secure, store, and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale, and the readiness of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the well being of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

**MODERNIZATION:** The plant replacement value (PRV) of Army Reserve facilities and installations is approximately \$10.6 billion. The budget request for Fiscal Year 2001 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

**INSTALLATIONS AND BASE SUPPORT:** The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st Century. One of these changes is the growing mission to command and control its six installations, all of them former Active

Component installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization, and quality of life requirements at the installations. The Army Reserve continues to support the Army's strategic mobility platforms. Those projects directly support training and readiness of the force, and environmental stewardship. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

## **BUDGET REQUEST ANALYSIS**

The Fiscal Year 2001 Military Construction, Army Reserve (MCAR) budget request for authorization, authorization of appropriations, and appropriations is \$81,713,000. It reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Minor Construction, and Planning and Design. Table 7 summarizes each of the categories of the Military Construction, Army Reserve program.

**TABLE 7**

**INVESTMENT FOCUS  
Authorization of Appropriations  
Fiscal Year 2001**

<b>PERCENT CATEGORY</b>	<b>AUTHORIZATION (\$000)</b>	<b>AUTHORIZATION OF APPROPRIATIONS (\$000)</b>	<b>APPROP'N</b>
Major Construction	73,396	73,396	89.9%
Unspecified Minor Const	1,917	1,917	
2.3%			
Planning and Design	6,400	6,400	
7.8%			
<b>TOTAL PROGRAM</b>	<b>\$81,713</b>	<b>\$81,713</b>	
<b>100.0%</b>			

**Real Property Maintenance (RPM):** Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. Historically, the budget has provided RPM resources to only fund the most critical maintenance and repair needs. The Fiscal Year 2001 budget includes \$114,704,000 for RPM which funds 74 percent of Army Reserve real property maintenance requirements. We solicit your support of real property maintenance as an essential adjunct of construction.



## **SUMMARY**

As the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection while serving as highly visible links between America's Army and America itself. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus Resources to Readiness.

The Fiscal Year 2001 request for authorization, authorization of appropriations and appropriations is \$81,713,000 for Military Construction, Army Reserve. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

**PART IV**  
**BASE REALIGNMENT AND CLOSURE**  
**(BRAC)**

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21<sup>st</sup> Century. We are requesting authorization of appropriations and appropriations of \$303,000,000. This budget represents the Army's final budget required to implement the first four rounds of BRAC closure and realignment actions. In Fiscal Year 2000, the Army is saving \$911 million and will save \$944 million annually upon completion of these first 4 rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, and infrastructure improvements. Therefore, the Army supports additional rounds of BRAC in Fiscal Years 2003 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 26 as a result of the first four rounds of BRAC. We are now in the final 2 years of the 13 year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law, while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse in the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of property. The resulting savings are not as substantial as originally anticipated because potential land, facilities and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead in implementing the final round, BRAC 95, ahead of schedule include cleaning up contaminated property, disposing of property at closed bases, and assisting communities with reuse.

The Fiscal Year 2001 budget includes the resources required to continue environmental cleanup of BRAC properties. These efforts will make 10,767 acres of property available for reuse in Fiscal Year 2001 and complete restoration activities at 10 additional locations. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector, as quickly as available resources will allow. In 2000, the Army plans to close East Fort Baker, California, and realign the Kelly Support Center, Pennsylvania. These actions will nearly complete all planned closure actions with only 3 remaining for Fiscal Year 2001: Savanna Army Depot, Seneca Army Depot and Information Systems Support Command leased space.

The President's Five Part Community Reinvestment Program, announced on July 2, 1993, and the recent No Cost Economic Development (EDC) authority in the Fiscal Year 2000 National Defense Authorization Act speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have. The Army is also processing 9 recently submitted EDC proposals from local communities. The EDC proposals are from Bayonne Military Ocean Terminal, Personnel Support Center in Philadelphia, Defense Depot Memphis, Fort Chaffee, Fort Ord, Fort Pickett, Fort Ritchie, Savanna Army Depot and Sierra Army Depot. These actions help local communities create new private sector jobs and lessen the impact of the base closure actions.

### **BASE REALIGNMENT AND CLOSURE – OVERSEAS**

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward-deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about 7 of 10 overseas sites in Europe, where we are reducing the number of installations by 68 percent. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations is dropping 20 percent.

On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 24 announcements. As of December 31, 1999, the United

States withdrew all military forces from the Republic of Panama and transferred all facilities. The total number of overseas sites announced for closure or partial closure is 702 (see Table 8).

**Table 8**

<b>Installations</b>	
<b>Germany</b>	585
<b>Korea</b>	30
<b>France</b>	24
<b>Panama</b>	13
<b>Netherlands</b>	23
<b>Turkey</b>	5
<b>United Kingdom</b>	5
<b>Greece</b>	8
<b>Italy</b>	6
<b>Belgium</b>	3
	<b>702</b>

Additional announcements will occur until the base structure matches the force identified to meet United States commitments.

Most of the 188 million square feet (MSF) of overseas reductions are in Europe, where we are returning over 600 sites. This is equivalent to closing 12 of our biggest installations in the United States - Fort Hood, Fort Bragg, Fort Benning, Fort Stewart, Fort Leonard Wood, Fort Lewis, Fort Bliss, Fort Carson, Fort Gordon, Fort Meade, Fort Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

The process for closing overseas bases is much different than in the United States. First, unified commanders nominate overseas sites for return or partial return to host nations. Next the Joint Staff, various DoD

components, the National Security Council and the State Department review these nominations. After the Secretary of Defense approves them, DoD notifies Congress, host governments and the media. The Army ends operations by vacating the entire installation and returning it to the host nation. If we only reduce operations, we retain a portion of the facilities.

### **BASE REALIGNMENT AND CLOSURE PROGRAM STATUS**

The Army has completed all realignments and closure actions from the BRAC 88, BRAC 91 and BRAC 93 rounds. The Army continues with environmental and disposal actions to make the property available to local communities for economic redevelopment. Introduction of economic development conveyances and interim leasing has resulted in accelerating property reuse and jobs creation at installations that were previously unavailable pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 95 rounds. The Army is in the fifth year of the implementation of BRAC 95, after which 26 of the 29 closure and 6 of 10 realignment actions will be complete. Interim leases and no cost economic development conveyances are making properties at these installations available to the local communities earlier in the process. Negotiations and required environmental restoration continue at closed and realigned installations, and additional conveyances are likely in the near future.

The Army has completed environmental actions at 1,032 of a total of 1,944 environmental cleanup sites through Fiscal Year 1999. Environmental restoration efforts were complete at 67 installations through Fiscal Year

1999, out of a total of 116 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse of the remaining approximate 200,000 acres.

## **SUMMARY**

Closing and realigning bases saves money that otherwise would go to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the Fiscal Year 2000 program as planned and budgeted. We request your support by providing the necessary BRAC funding for Fiscal Year 2001.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through no cost economic development conveyances, as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud.

Mr. Chairman, this concludes my statement. Thank you.